

RECREATION DISTRICT NO. 5

**OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Annual Component Unit Financial Statements
with Independent Auditors' Report**

and

**Report on Internal Control Over Financial Reporting
and Compliance and Other Matters**

For the Year Ended September 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/23/11

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FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Recreation District No. 5 of the Parish
of St. Mary, State of Louisiana
Jeanerette, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 5 of the Parish of St. Mary, State of Louisiana, a component unit of St. Mary Parish, as of and for the year ended September 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Recreation District No. 5 of the Parish of St. Mary, State of Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

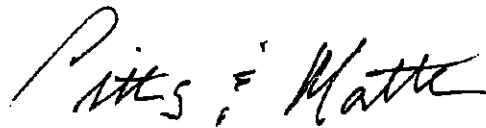
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Recreation District No. 5 of the Parish of St. Mary, State of Louisiana, as of September 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The District has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on pages 17 and 18, is not a required part of the basic financial statements but is supplementary information required by Accounting Principles Generally Accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report dated January 31, 2011 on our consideration of Recreation District No. 5 of the Parish of St. Mary, State of Louisiana's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

A handwritten signature in black ink, appearing to read "Pitts & Matte". The signature is fluid and cursive, with the first name "Pitts" and the second name "Matte" clearly distinguishable.

CERTIFIED PUBLIC ACCOUNTANTS

January 31, 2011

**RECREATION DISTRICT NO. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Statement of Net Assets
September 30, 2010**

ASSETS	Governmental Activities
Current assets	
Cash and cash equivalents	\$461,080
Prepaid insurance	9,171
Total current assets	<u>470,251</u>
Capital Assets-net of accumulated depreciation	
Land and Improvements	250,628
Building	2,709,300
Equipment and furniture	8,628
Total net capital assets	<u>2,968,556</u>
Total assets	<u><u>\$3,438,807</u></u>
LIABILITIES AND NET ASSETS	
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	\$18,313
Accrued interest payable	8,100
Current portion of long-term debt	115,000
Total current liabilities	<u>141,413</u>
Noncurrent liabilities	
Noncurrent portion of long-term debt	1,975,000
Total noncurrent liabilities	<u>1,975,000</u>
Total liabilities	<u>2,116,413</u>
Net assets	
Invested in capital assets, net of related debt	880,969
Restricted for:	
Debt service	419,375
Unrestricted	22,050
Total net assets	<u>1,322,394</u>
Total liabilities and net assets	<u><u>\$3,438,807</u></u>

**RECREATION DISTRICT NO. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Statement of Activities
For the Year Ended September 30, 2010**

	<u>Total</u>
<u>Expenses</u>	
Current operating:	
Culture and recreation	
Salaries, wages, and benefits	\$78,526
Repairs and maintenance	22,385
Insurance	43,838
Utilities and telephone	59,190
Professional services	17,924
Supplies	8,013
Office	563
Community program expense	24,623
Election Expense	3,177
Miscellaneous	4,221
Depreciation expense	116,413
Interest and fiscal charges on debt	101,165
	<hr/>
Total program expenses	480,038
	<hr/>
<u>Program revenues</u>	
Rental income	17,811
	<hr/>
Total program revenues	17,811
	<hr/>
	<hr/>
Net program expenses	462,227
	<hr/>
<u>General revenues</u>	
Taxes:	
Ad valorem	555,045
Intergovernmental - St. Mary Parish Council	41,000
Interest income	2,092
Miscellaneous income	128
	<hr/>
Total general revenues	598,265
	<hr/>
Increase in net assets	136,038
Net assets - beginning of year	1,186,356
	<hr/>
Net assets - end of year	\$1,322,394
	<hr/>

The accompanying notes are an integral part of these financial statements.

**RECREATION DISTRICT NO. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Balance Sheet
Governmental Funds
September 30, 2010**

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Debt</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Service</u>	<u>Funds</u>
		<u>Fund</u>	
ASSETS			
Cash and cash equivalents	\$47,336	\$413,744	\$461,080
Prepaid insurance	9,171		9,171
Due from general fund		18,081	18,081
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$56,507</u>	<u>\$431,825</u>	<u>\$488,332</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$18,313		\$18,313
Due to debt service fund	18,081		18,081
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>36,394</u>	<u>-</u>	<u>36,394</u>
Fund balances(deficit):			
Reserved for debt service		431,825	431,825
Reserved for capital improvements			-
Unreserved/undesignated	20,113		20,113
	<hr/>	<hr/>	<hr/>
Total fund balances (deficit)	<u>20,113</u>	<u>431,825</u>	<u>451,938</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$56,507</u>	<u>\$431,825</u>	<u>\$488,332</u>

Reconciliation of the total fund balance -- total governmental funds
to the nets assets of governmental activities:

Total fund balance - Governmental Funds		\$451,938
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		2,968,556
Interest payable on long-term debt does not require current financial resources, and, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(8,100)
Noncurrent liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Current portion of long-term debt	\$115,000	
Noncurrent portion of long-term debt	2,090,000	(2,090,000)
Net assets of governmental activities		<u>\$1,322,394</u>

**RECREATION DISTRICT NO. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2010**

	General <u>Fund</u>	Debt Service <u>Fund</u>	Total Governmental <u>Funds</u>
<u>Revenues</u>			
Rental income	\$ 17,811		\$ 17,811
Ad valorem taxes	197,596	\$ 357,449	555,045
Community Programs Income	41,000		41,000
Miscellaneous Income	128		128
Interest Income	530	1,562	2,092
Total revenues	<u>257,065</u>	<u>359,011</u>	<u>616,076</u>
<u>Expenditures</u>			
Current:			
<i>Culture and recreation</i>			
Salaries and per diem	78,526		78,526
Repairs and maintenance	22,385		22,385
Insurance	43,838		43,838
Utilities, telephone, & internet	59,190		59,190
Professional services	17,924		17,924
Supplies	8,013		8,013
Office	563		563
Community program expense	24,623		24,623
Election Expense	1,588	1,589	3,177
Miscellaneous	4,221		4,221
Capital outlay	2,787		2,787
Debt service:			
Principal		115,000	115,000
Interest and fiscal charges		101,565	101,565
Total expenditures	<u>263,658</u>	<u>218,154</u>	<u>481,812</u>
Excess (deficiency) of revenues over expenditures	(6,593)	140,857	134,264
Fund balances, beginning of year	<u>26,706</u>	<u>290,968</u>	<u>317,674</u>
Fund balances (deficit), end of year	<u>\$ 20,113</u>	<u>\$ 431,825</u>	<u>\$ 451,938</u>

Reconciliation of the changes in fund balances - total governmental
fund to the change in net assets of governmental activities:

Net change in fund balance - Governmental Funds \$ 134,264

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement
of Activities, the cost of those assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which depreciation (\$116,413) exceeded
capital outlays (\$2,787) in the current period. (113,626)

Bond proceeds provide current financial resources to governmental funds.
but issuing debt increases long-term liabilities in the statement of net
assets. Repayment of bond principal is an expenditure in the governmental
funds, but the repayment reduced long-term liabilities in the statement of net assets.
This is the amount by which repayments (\$115,000) exceeded proceeds (\$0). 115,000

Some expenses reported in the Statement of Activities do not require
the use of current financial resources; therefore, are not reported as
expenditures in governmental funds.

Interest and fiscal charges 400

Change in net assets of governmental activities \$ 136,038

**RECREATION DISTRICT NO. 5 OF THE PARISH OF
ST. MARY, STATE OF LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recreation District No. 5 of the Parish of St. Mary, State of Louisiana (District), was created by Ordinance No. 1528 of the St. Mary Parish Council (Council) on May 8, 2002. The District encompasses Wards 2 and 7, and a portion of Ward 1. The purpose of the District is to provide for cultural and recreational activities in that portion of the Parish.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The District has not presented a Management's Discussion & Analysis (MD & A) that GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the District is a component unit and integral part of the Council (the primary government).

These financial statements include only the operations of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basic Financial Statements - Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities which report all activities of the District as a whole. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The following is a description of the funds utilized by the District.

Governmental Funds

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in other funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

D. Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Statements

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities (whether current or noncurrent) are included on the statement of net assets and the statement of activities presents increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Fund Financial Statements

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities (the District uses a sixty day period after year end).

E. Revenues

The following is a summary of the District's recognition policies for its major revenue sources:

Ad valorem taxes (which are based on population and homesteads in the District) are recorded in the year the taxes are assessed.

Interest earnings are generally recorded when earned.

Substantially all other revenues are recorded when received.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Expenses/Expenditures

The government-wide financial statements recognize expenses under the accrual basis of accounting and records the related liability at the time the expense is incurred.

In the fund financial statements, expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on long-term debt which is not recognized until due.

G. Cash and Cash Equivalents

Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include bank deposits and/or certificates of deposit with original maturities of less than three months.

H. Prepaid Expenses

The District has certain expenses in which they record the prepayment of these expenses, such as insurance, as an asset on the balance sheet and systematically recognize the expense over the period of the prepayment.

I. Fixed Assets

The accounting treatment over property, plant, equipment (fixed assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets are reported at their historical cost or estimated fair market value less their accumulated depreciation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is computed using the straight-line method based on the estimated useful life of the various assets. The following is a summary of estimated useful lives by classification of the fixed assets:

<u>Category</u>	<u>Years</u>
Buildings	30
Improvements	40
Equipment	5

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operation are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

J. Long-term Debt

Government-wide Financial Statements

In the government-wide financial statements, all long-term debt is reported as a liability. The long-term debt of the District consists of bonds payable.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

K. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in the three components:

- a) Invested in capital assets, net of related debt - Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

L. Interfund Transfers

Permanent reallocations of resources between funds of the District are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District does not have a formal investment policy related to interest rate risk (the risk of an investment decreasing in value due to increasing interest rates).

In addition the District does not have a formal investment policy related to credit risk (including concentrations of credit and custodial credit risk). However the District does follow state law as to limitations on types of deposits and investments as described below.

The District does not invest in any investments subject to foreign currency risk.

Cash and cash equivalents

Under state law the District may deposit its funds with certain state and federally chartered financial institutions. The deposits are required to be insured or collateralized by the financial institutions.

At year end, the carrying amount of the District's cash was \$461,080 and the bank balance was \$460,298 (\$250,000 was covered by federal depository insurance, the remaining \$210,928 was collateralized by securities held by the financial institution's agent but not in the District's name).

NOTE 3 - TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31 and taxes are considered delinquent January 1. Notices regarding seizures are sent out in April with the seizure date being May 1. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. The District actually receives most of the taxes in January.

The District receives 14.76 mils of property tax. For the year ended September 30, 2010, 5.26 mils was distributed to the General Fund and dedicated to operations and maintenance and 9.5 mils was distributed to the Debt Service Fund and dedicated to debt retirement. For the upcoming year ended September 30, 2011, the millage remains the same but the allocation will change to 7.50 mils for the General Fund and 7.26 mils for the Debt Service Fund.

NOTE 4 - FIXED ASSETS

Capital asset activity for the year ended September 30, 2010 is as follows:

	Balance September 30, <u>2009</u>	<u>Additions</u>	Balance September 30, <u>2010</u>
Capital assets:			
Land	\$ 67,500		\$ 67,500
Total capital assets not being depreciated	<u>67,500</u>		<u>67,500</u>
Other capital assets:			
Building	3,133,616		3,133,616
Equipment & furniture	32,452	\$2,787	35,239
Improvements	<u>192,766</u>	<u> </u>	<u>192,766</u>
Total other capital assets at historical cost	<u>3,358,834</u>	<u>2,787</u>	<u>3,361,621</u>
Less accumulated depreciation for:			
Building	(319,862)	(104,454)	(424,316)
Equipment & Furniture	(19,471)	(7,140)	(26,611)
Improvements	<u>(4,819)</u>	<u>(4,819)</u>	<u>(9,638)</u>
Total accumulated depreciation	<u>(344,152)</u>	<u>(116,413)</u>	<u>(460,565)</u>
Total capital assets, net	<u>\$3,082,182</u>	<u>(\$113,626)</u>	<u>\$ 2,968,556</u>

NOTE 5- LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2010:

Balance at October 1, 2009	\$2,205,000
Reductions	(115,000)
Balance at September 30, 2010	<u>\$2,090,000</u>

Obligations payable at September 30, 2010, are as follows:

General Obligation Bonds

\$2,100,000 of General Obligation Bonds, Series 2002 were issued on December 1, 2002, for the purpose of purchasing and acquiring lands, buildings, equipment and other facilities to be used in providing recreational facilities. The bonds bear interest at rates of 4.2 percent and 5.2 percent and are payable through the year 2022. The bonds are being retired from ad valorem taxes by the Debt Service Fund.

\$1,510,000

\$690,000 of General Obligation Bonds, Series 2005, were issued on November 1, 2005, for the purpose of paying a portion of the cost of constructing a recreation/community center and other recreational facilities therein, and acquiring the necessary equipment and furnishings. The bonds bear interest rates from .10 percent to 4.7 percent and are payable through the year 2025. The bonds are being retired from ad valorem taxes by the Debt Service Fund.

580,000
\$2,090,000

The following is an approximation of future debt requirements at September 30, 2010:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$115,000	\$95,000	\$210,000
2012	130,000	90,000	220,000
2013	135,000	83,000	218,000
2014	140,000	78,000	218,000
2015	150,000	71,000	221,000
2016-2020	860,000	242,000	1,102,000
2021-2025	745,000	72,900	817,900
Thereafter	<u>560,000</u>	<u>41,000</u>	<u>601,000</u>
	<u>\$2,090,000</u>	<u>\$700,000</u>	<u>\$2,790,000</u>

NOTE 5 - LONG-TERM DEBT (continued)

The District is subject to certain affirmative and negative covenants pursuant to its bond and debt agreements. The covenants include but are not limited to:

1. Establishment and funding of certain debt service funds.
2. Restriction as to additional debt issuance.

NOTE 6 - PENSION PLAN

The District's employees are covered under the Federal Insurance Contributions Act (Social Security). The District makes the required contributions to the fund and is not responsible for the benefits.

The District does not maintain any other post employment benefit plans.

NOTE 7 - COMPENSATION OF BOARD MEMBERS

Board members received the following per diems for the year ended September 30, 2010:

<u>Name</u>	<u>Amount</u>
Charles Carline	\$140
Rosa Crosby	160
Irma Jean Lewis	150
Marcel Marquette, III	110
Betty Tilman	<u>80</u>
	<u>\$ 640</u>

NOTE 8 - CONCENTRATIONS

The District receives ninety-two percent of its revenues from the general public in the form of ad valorem taxes.

NOTE 9 - RISK MANAGEMENT AND CONTINGENCIES

The District is exposed to various risks of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees and natural disasters. The District has purchased commercial insurance to protect against loss from substantially all of these perils.

There has been no significant reduction in insurance coverage from prior years. Settlements in the prior three years have not exceeded insurance coverages.

NOTE 10 - RELATED PARTY TRANSACTIONS

The District is a component unit of the St. Mary Parish Council. During the year, the Council gave the District a community program grant for \$41,000.

REQUIRED SUPPLEMENTAL INFORMATION

**RECREATION DISTRICT NO. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Operating Budget (Non-GAAP Basis)
All Operations
(Unaudited)
For the Year Ended September 30, 2010**

	Original & <u>Final</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Ad valorem taxes	\$ 553,750	\$ 555,045	\$ 1,295
Interest income	2,150	2,092	(58)
Rental Income	17,250	17,811	561
Community Program	41,000	41,000	-
Miscellaneous Income	-	128	128
	<u>614,150</u>	<u>616,076</u>	<u>1,926</u>
<u>Expenditures</u>			
Current:			
Culture and recreation			
Salaries, wages, and benefits	83,050	78,526	4,524
Maintenance	25,150	22,385	2,765
Insurance	40,250	43,838	(3,588)
Utilities	52,400	59,190	(6,790)
Professional services	17,700	17,924	(224)
Supplies	7,650	8,013	(363)
Office	-	563	(563)
Community program	24,600	24,623	(23)
Election Expense	-	3,177	(3,177)
Miscellaneous	5,950	4,221	1,729
Travel	2,800	-	2,800
Depreciation Expense	115,000	116,413	(1,413)
Debt Service:			
Interest expense	90,000	101,565	(11,565)
	<u>464,550</u>	<u>480,438</u>	<u>(15,888)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 149,600</u>	<u>\$ 135,638</u>	<u>\$ (13,962)</u>

**RECREATION DISTRICT NO. 5 OF THE PARISH OF
ST. MARY, STATE OF LOUISIANA**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)**

September 30, 2010

NOTE 1 - BUDGET PROCESS

The District adopts a single combined budget for the operations of both of its funds, rather than separate budgets for each fund. The budget is adopted on a basis consistent with generally accepted accounting principles for government-wide financial statements rather than fund financial statements except, for payments for insurance coverage which are budgeted on the cash basis and grants received from other governments. All annual appropriations lapse at fiscal year end. Budgets are amended when necessary with Board approval. In the financial statement comparison of the budget to actual amounts, both the original and final amended amounts are shown.

NOTE 2 - BUDGET RECONCILIATION

The following is a reconciliation of the actual amounts as shown in the operating budget to the actual amounts as shown in the financial statements:

Excess of revenues over expenditures per	
Operating Budget	\$135,638
Add:	
Depreciation expense	116,413
Less:	
Principal payments on debt	(115,000)
Capital expenditures	<u>(2,787)</u>
Excess (deficiency) of revenues over expenditures	
For all funds per Statement of Revenues,	
Expenditures and Changes in Fund Balance	<u>\$134,264</u>

INTERNAL CONTROL AND COMPLIANCE
AND OTHER MATTERS SECTION



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Recreation District No. 5 of the
Parish of St. Mary,
State of Louisiana
Jeanerette, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of Recreation District No. 5 of the Parish of St. Mary, State of Louisiana, as of and for the year ended September 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 31, 2011, which contains an additional paragraph. The additional paragraph notes that management elected to omit Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and correct on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or

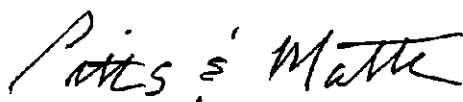
material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2010-1, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the use of the management of the District, the Legislative Auditor of the State of Louisiana and the Finance Committee of the St. Mary Parish Council, and is not intended to be and should not be used by anyone other than these specified parties. However under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

January 31, 2011
Morgan City, Louisiana

**RECREATION DISTRICT NO. 5 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Schedule of Findings, Questioned Costs, and Federal Awards
For the Year Ended September 30, 2010**

A. SUMMARY OF AUDIT FINDINGS

1. The auditors' report expressed an unqualified opinion on the financial statements of the Recreation District No. 5 of the Parish of St. Mary.

2. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control Over Financial Reporting

One deficiency in internal control is reported as a significant deficiency.

Compliance and Other Matters

There were no material instances of noncompliance required to be reported nor other matters noted during the audit of the financial statements.

3. Federal Awards

This section is not applicable for the year ended September 30, 2010.

4. Management Letter

No letter was issued.

B. FINDINGS FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL

Significant Deficiency

ITEM NO. 2010-1 APPLICATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Auditor's Comments:

Condition: The individuals responsible for the District's accounting and reporting functions lack the knowledge and experience needed to prepare the financial statements of a governmental entity in accordance with GAAP.

Criteria: SAS No. 112 *Communicating Internal Control Matters identified in an Audit* states in part:

"Internal control is a process....designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness, and efficiency of operations, and compliance with applicable laws and regulations."; and further,

"Having sufficient expertise in selecting and applying accounting principles is an aspect of such controls."

Cause: This condition is a result of management and staff not having the experience needed to fully prepare governmental financial statements in accordance with GAAP for governments.

Effect: Financial statements may reflect a material departure from GAAP.

Recommendation: No recommendation forwarded. The additional costs required to achieve the desired benefit may not be economically feasible.

Management Response: We believe the monthly financial statement prepared by our accountant is sufficient for us to make management decisions. We have determined that it is in the best interest of the District to outsource to our independent auditors the preparation of the annual financial statements and related notes in accordance with GAAP, and we will review, approve, and accept responsibility for the content prior to issuance.

ITEM OF NONCOMPLIANCE

This section is not applicable for the year ended September 30, 2010.

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS

This section is not applicable for the year ended September 30, 2010.

**SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY RECREATION DISTRICT NO. 5 OF ST. MARY PARISH**

**INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS MATERIAL TO
THE FINANCIAL STATEMENTS**

**INTERNAL CONTROL
Significant Deficiency**

**ITEM NO. 2009-1 APPLICATION OF GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES (GAAP)**

Auditor's Comments:

Condition: The individuals responsible for the District's accounting and reporting functions lack the knowledge and experience needed to prepare the financial statements of a governmental entity in accordance with GAAP.

Corrective Action: This finding has not been corrected.

ITEM OF NONCOMPLIANCE

ITEM 2009-2

Budget

Auditor's Comments:

Condition: During the course of the audit for the year ended September 30, 2009, it was noted that the District failed to amend its budget when actual expenditures exceeded budgeted expenditures by more than five percent.

Corrective Action: This finding was corrected.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

This section is not applicable.

Recreation District No. 5

January 31, 2011

Mr. Daryl Purpera, CPA, CFE
Temporary Legislative Auditor, State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70803-9397

Dear Mr. Purpera:

Recreation District No. 5 of the Parish of St. Mary, State of Louisiana respectfully submit the following corrective action plan for their year ended September 30, 2010.

CORRECTIVE ACTION:

Person Responsible: Charles Carline, Co-Chairman
Recreation District No. 5 of the Parish of
St. Mary, State of Louisiana
1498 Hwy 318
Jeanerette, LA. 70544

Time of Completion: September 30, 2010

Internal Control: Rc: Item No. 2010-1

Application of GAAP: During the Audit, our auditors noted that the individuals responsible for the District's accounting and reporting functions lack the knowledge and experience needed to prepare the financial statements of a governmental entity in accordance with GAAP.

Corrective Action: We believe the monthly financial statement prepared by our accountant is sufficient for us to make management decisions. We have determined that it is in the best interest of the District to outsource to our independent auditors the preparation of the annual financial statements and related notes in accordance with GAAP, and we will review, approve, and accept responsibility for the content prior to issuance.

This plan of action is being submitted in accordance with Legislative requirements. If you have any questions concerning this action, contact the undersigned.

Recreation District No. 5 of the Parish of St. Mary, State of Louisiana at 337-276-4896.



Charles Carline
Co-Chairman